



NEWS RELEASE

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SBA MOVES TO PAPERLESS LOAN MONITORING AS PART OF AGENCY MODERNIZATION

WASHINGTON – “The Small Business Administration (SBA) loan monitoring system remains at the core of the agency’s modernization initiatives,” Deputy Administrator Fred Hochberg told the House Committee on Small Business.

The Deputy Administrator testified before the Subcommittee on Government Programs and Oversight of the House Committee on Small Business in support of the planned implementation of an automated loan monitoring system, phase one of the agency’s three-phased, comprehensive systems modernization strategy.

The SBA has grown its lending programs significantly over the past seven years, more than doubling outstanding portfolio and annual 7(a) and 504 loan approvals between 1992 and today. The agency is relying increasingly on its lending partners for credit decisions for its loan programs. With this trend expected to continue, a more sophisticated system will allow the agency to improve its lender oversight capabilities without being overly intrusive.

“SBA provides capital to a unique niche in America’s commercial market. The agency’s legislative mandate is to serve as a gap lender, to ensure that those businesses without access to traditional sources of capital in the commercial marketplace are able to get the funds necessary to start and grow their business,” said Deputy Administrator Hochberg.

Within the lender oversight function, computerized systems will perform a number of different activities to support major processes involving communications, loan approvals, lender identification, lender approval and renewal, lender assessment, lender reviews, and enforcement. The new system is designed for incremental deployment to allow a process of gradual change, to minimize the disruption of operations, and to reduce the risks associated with large information technology projects.

SBA opted for the new system only after extensive study and consultation with lending institutions, industry experts and senior staff of the U.S. General Accounting Office. As part of the business re-engineering process, SBA’s headquarters and field staff, in consultation with lending partners, worked together to identify best practices and suitable processes for the agency’s loan programs.

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The new system will benefit SBA's lending partners by allowing seamless reporting, data exchange, funds transfer, and fee management. It will also allow a faster turn around on guaranty requests and other transactions and provide immediate access to information. The new system will also ensure that SBA has the necessary data to assess program and lender performance and to engage in proactive risk management of its lending partners.

Overall, this new way of doing business with lending partners will improve service dramatically.

For more information on all of SBA's programs for small businesses, call the SBA Answer Desk at 1 800 U ASK SBA, or visit the SBA's extensive Web site at www.sba.gov.

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